



State of Vermont
Agency of Human Services
Office of Vermont Health Access

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April 14, 2005

Rep. John Tracy
Rep. Martha Heath
115 State Street, Drawer 33
Montpelier, VT 05633-5301

Dear Representatives Tracy and Heath:

I thank you for the opportunity to comment on the proposed health care legislation (H.524) that your respective committees currently have under consideration. The Office of Vermont Health Access (OVHA), as The State of Vermont's Medicaid Office, has a number of different programs that could be impacted by the bill's provisions. In addition, there are several sections in the bill that would directly and immediately impact the current operations of the Office.

Attached to this letter is a chart that has been produced jointly by OVHA and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA). The chart contains information on many aspects of the bill and is organized to identify duties that are 1) currently being done by one or both organizations, 2) duties that are continued or revised under the pending legislation, and 3) new duties assigned to the existing or newly created Department(s).

The three issues that came up over and over again as OVHA reviewed the legislation are as follows:

- 1) The timeline for combining the departments in conjunction with the significantly enhanced workload is of critical concern. OVHA is currently on the verge of submitting a significant 1115a Demonstration Waiver to the Federal Centers for Medicare and Medicaid Services. In addition, the Office has not yet completed the significant restructuring that began just under two years ago. In the past eighteen months, the office has physically relocated and refocused the entire organization on outcomes. Over the past twenty-years, the Office has been an efficient bill payer and is in the process of becoming a Managed Care Organization, focused on the efficient and clinically appropriate provision of health care services as reflected in our Mission Statement¹. Finally, the Office

¹ "The mission of OVHA is

- to assist beneficiaries in accessing clinically appropriate health services
- to administer Vermont's public health insurance system efficiently and effectively
- to collaborate with other health care system entities in bringing evidence based practices to Vermont Medicaid beneficiaries."

will be responsible for implementing all of the proposals that eventually are passed by the Legislature as part of the SFY 2006 Medicaid budget. The Medicaid deficit this year is substantial and the Governor's recommend includes 23 distinct proposals. All of these proposals will have to be implemented as priority items alongside the Waiver negotiations and the regular work of the office.

- 2) There are a number of coverage and payment issues in the bill that will require substantial research, and under any circumstances, will prove challenging. One example is the differential coverage that is explicit in the Medicaid Program when compared with Commercial plans. Meshing coverage under the "universal benefit plan" with coverage under Medicaid will be a challenge, as many Medicaid covered services are not covered by private sector plans.
- 3) The decision making authority appears to be divided both longitudinally and in relation to specific portions of the eventual health plan. The development of the "package of primary care, preventive care, and hospital services" is assigned to a newly created "joint health reform committee," while the newly created department will be responsible to develop "the package of essential health services". The establishment and necessary staffing of a number of new boards, including community boards and a "Health Care Regulatory Review Board," all with new responsibilities in relation to the oversight of the health care system, creates a significant challenge in integrating roles and establishing clear Governance guidelines. Finally, there are overlapping and aggressive timelines for the new department, the differing boards, and the Legislature to develop, review, and approve the staggered implementation of the new health care coverage plan.

I would respectfully submit to the Committee that the Office of Vermont Health Access will require your guidance in prioritizing the new work that is represented in H.524 and the substantial and challenging workload currently under way or proposed within the SFY 2006 Medicaid Budget. It is simply not possible for the office to implement all the proposals contained in H.524, and responsibly execute all the other tasks that lay before OVHA in SFY 2006.

Sincerely,

Joshua N. Slen, Director

cc: Michael K. Smith, Secretary, Agency of Human Services
Charles P. Smith, Secretary of Administration